

**AUDITED FINANCIAL STATEMENT
AND SUPPLEMENTARY INFORMATION**

RILEY COUNTY POLICE DEPARTMENT

December 31, 2012

Reese & Novelly, P.A.
Certified Public Accountants
Manhattan, Kansas

Audited Financial Statement and Supplementary Information

RILEY COUNTY POLICE DEPARTMENT

Year Ended December 31, 2012

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INDEPENDENT AUDITOR'S REPORT

Riley County Law Enforcement Agency Board
Manhattan, Kansas 66502

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of Riley County Police Department (Department) as of and for the year ended December 31, 2012, and the related notes to the financial statement (as listed in the table of contents).

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with *Kansas Municipal Audit and Accounting Guide* as described in Note A to meet the financial reporting requirements of the State of Kansas. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the *Kansas Municipal Audit and Accounting Guides*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

An audit includes performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note A of the financial statement, the financial statement is prepared by the Riley County Police Department to meet the requirements of the State of Kansas on the basis of the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide*, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note A and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Riley County Police Department as of December 31, 2012 or the changes in its financial position for the year then ended. Further, the Department has not presented a management’s discussion and analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the basic financial statement.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balances of each fund of the Riley County Police Department Financial Reporting Entity, as of December 31, 2012, and their aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide* described in Note A.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances (basic financial statement) as a whole. The summary of regulatory basis expenditures-actual and budget, individual fund schedules of regulatory basis receipts and expenditures-actual and budget, schedule of regulatory basis receipts and expenditures-agency funds (Schedules 1, 2 and 3 as listed in the table of contents) are presented for analysis and are not a required part of the basic financial statement, however are required to be presented under the provisions of the *Kansas Municipal Audit and Accounting Guide*. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statement. The information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In our opinion, the information is fairly stated in all material respects in relation to the basic financial statement as a whole, on the basis of accounting described in Note A. The schedule of fixed assets, as listed in the table of contents, has not been subjected to the auditing procedures applied in the audit of the basic financial statement and, accordingly, we do not express an opinion or provide any assurance on it.

A handwritten signature in black ink, reading "Rex Novak PA". The signature is written in a cursive, flowing style.

Manhattan, Kansas
July 31, 2013

**FINANCIAL STATEMENT
AND NOTE DISCLOSURES**

**SUMMARY STATEMENT OF RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH
REGULATORY BASIS**

RILEY COUNTY POLICE DEPARTMENT

Year Ended December 31, 2012

Funds	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Encumbrances and Accounts Payable	Ending Cash Balance
Governmental Fund Types:							
General	\$ 1,109,231		\$ 16,851,108	\$ 17,209,156	\$ 751,183	\$ 408,297	\$ 1,159,480
Special Purpose Funds:							
Emergency Reserve Fund	700,000				700,000		700,000
Seizure Fund	172,043		24,713	114,313	82,443		82,443
Activity Fund	4,597		12,793	12,168	5,222		5,222
Bears on Patrol	3,484				3,484		3,484
Auxiliary Fund	2,533		1,430	1,297	2,666		2,666
Jail Literacy Fund	137			79	58		58
Statutory Registration Fund	27,475		20,991	23,002	25,464		25,464
Justice Assistance Grant			51,833	48,206	3,627		3,627
Medical Reimbursement Fund	587,812		319,348	79,340	827,820		827,820
TOTAL SPECIAL PURPOSE FUNDS	1,498,081	-	431,108	278,405	1,650,784	-	1,650,784
TOTAL REPORTING ENTITY	\$ 2,607,312	\$ -	\$ 17,282,216	\$ 17,487,561	\$ 2,401,967	\$ 408,297	\$ 2,810,264

Composition of Cash:

Checking accounts	\$ 950,995
Funds held by Riley County Treasurer	1,851,007
Petty cash funds	8,262
Special cash seizures	4,218
Fees account	6,853
Inmate account	4,019

TOTAL CASH 2,825,354

Less: Agency Funds per Schedule 3 (15,090)

TOTAL REPORTING ENTITY (EXCLUDING AGENCY FUNDS) \$ 2,810,264

The notes to the financial statement are an integral part of this statement.

NOTES TO FINANCIAL STATEMENT

RILEY COUNTY POLICE DEPARTMENT

December 31, 2012

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Riley County Police Department (Department) was chartered January 1, 1974, and operates as a municipal corporation governed by the Riley County Law Enforcement Agency Board. The board consists of seven board members: one Riley County, Kansas (County) commissioner, one City of Manhattan, Kansas (City) commissioner, one appointed member from the County, two appointed members from the City and one alternate appointed member from either the City or the County and the Riley County Attorney. The accounting policies of the Department conform to the cash-basis and budget laws of Kansas (regulatory basis). The following is a summary of the more significant policies:

1. Financial Reporting Entity: The financial reporting entity of the Municipality is comprised of the primary government.

The basic criterion for including a separate governmental entity in the Municipality's financial reporting entity is the financial accountability of the Municipality for the separate entity. The Municipality is financially accountable if it appoints a voting majority of a related municipal entity's governing body and if it either has the ability to impose its will on the related municipal entity or there is a potential for the related municipal entity to provide certain financial benefits to, or impose certain financial burdens on, the primary government. There were no related municipal entities.

2. Regulatory Basis Fund Types: The accounts of the Municipality are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statement in this report, into generic fund types and broad fund categories as follows:

Governmental Funds

The General Fund is the chief operating fund of the Municipality. It is used to account for all financial resources except those that are required to be accounted for in another fund.

Special Purpose Funds are used to account for the proceeds of specific tax levies and other specific revenue sources (other than capital project and tax levies for long-term debt) that are intended for specified purposes.

Fiduciary Funds

Trust Funds are used to report assets held in trust for the benefit of the municipal financial reporting entity (i.e. pension funds, investment trust funds, private purpose trust funds which benefit the municipal reporting entity, scholarship funds, etc.).

NOTES TO FINANCIAL STATEMENT

RILEY COUNTY POLICE DEPARTMENT

December 31, 2012

Agency Funds are used to account for assets held by the municipal reporting entity in a purely custodial capacity (payroll clearing fund, tax collection accounts, etc.).

3. Regulatory Basis of Accounting and Departure from Accounting Principles Generally Accepted in the United States of America: The municipal reporting entity prepares the financial statements using *Kansas Municipal Audit and Accounting Guide (KMAAG)* regulatory basis of accounting, which is designed to demonstrate compliance with the cash basis and budget laws of the State of Kansas.

The *KMAAG* regulatory basis of accounting involves the recognition of cash, cash equivalents, marketable investments, and certain accounts payable and encumbrance obligations to arrive at a net unencumbered cash and investments balance on a regulatory basis for each fund, and the reporting of changes in unencumbered cash and investments of a fund resulting from the difference in regulatory basis revenues and regulatory basis expenditures for the fiscal year. Receipts are recognized when the cash balance of a fund is increased. Expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods and services, and are usually evidenced by a purchase order or written contract. For an interfund transaction, a receipt is recorded in the fund receiving cash from another fund, and the expenditure would be charged in the fund from which the transfer is made. All recognized assets and liabilities are measured and reported at cost, unless they have been permanently impaired and have no future cash value or represent no future obligation against cash. The *KMAAG* regulatory basis does not recognize capital assets, long-term debt, accrued receivables and payables, or any other assets, liabilities or deferred inflow or outflows, other than those mentioned above.

The Municipality has approved a resolution that is in compliance with K.S.A. 75-1120a(c), waiving the requirement for application of generally accepted accounting principles and allowing the municipality to use the *KMAAG* regulatory basis of accounting.

4. Budgetary Information: Kansas statute, K.S.A. 19-4443 require that an annual operating budget be legally adopted for the general fund, special purpose funds (unless specifically exempted by statute) and submitted to the Board of County Commissioners of Riley County and to the governing bodies of each incorporated city within the County. K.S.A. 19-4443 and K.S.A. 79-2929 provide for the following sequence and time table in the preparation and submission of the budget:
 - a. Not less than 10 days prior to submitting such budget, the Municipality shall hold a hearing thereon in accordance with the provisions of K.S.A. 79-2929, and amendments thereto. K.S.A. 79-2929 states that the governing body shall give at least 10 days notice of the time and place of the meeting by publications in a weekly or daily newspaper.
 - b. Submission of budget to Board of County Commissioners and to the governing bodies of incorporated cities within the county must be completed on or before the first Monday in July of each year.

NOTES TO FINANCIAL STATEMENT

RILEY COUNTY POLICE DEPARTMENT

December 31, 2012

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication, the hearing may be held and the governing body may amend the budget at that time.

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison statements are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

All legal annual operating budgets are prepared using the statutory basis of accounting, modified further by the encumbrance method of accounting. Revenues are recognized when cash is received. Expenditures include disbursements, accounts payable, and encumbrances. Encumbrances are commitments by the Municipality for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budgeted expenditure authority lapses at year-end.

A legal operating budget is not required for the following *Special Purpose Funds*:

Seizure fund; Emergency reserve fund; Activity fund; Bears on Patrol; Auxiliary Fund; Special Donation Funds; Medical reimbursement fund; Statutory Fees

Spending in funds, which are not subject to the legal annual operating budget requirement, is controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing body.

5. Property Tax: The Riley County Clerk calculates the final tax levy rates necessary to finance the budget subject to any legal limitations. After all budgets have been received and tax rates calculated, the clerk certifies the tax roll to, and prepares tax statements for, the County Treasurer who receives payment. Delinquent tax collections are distributed throughout the year at the County level distributed to the County and City.
6. Reimbursements: The Municipality records reimbursable expenditures in the fund that makes the disbursement and records reimbursements as revenue to the fund. For purposes of budgetary comparisons, the reimbursement is recorded as a qualifying budget credit in the fund receiving the reimbursement.

NOTE B –STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

1. Amendments to Legal Budgets: There were no amendments to the budget during 2012.

NOTES TO FINANCIAL STATEMENT

RILEY COUNTY POLICE DEPARTMENT

December 31, 2012

NOTE C—DEPOSITS

As of December 31, 2012, the Municipality has no investments.

K.S.A. 9-1401 establishes the depositories which may be used by the Municipality. The statute requires banks eligible to hold the Municipality's funds have a main or branch bank in the county in which the Municipality is located, or in an adjoining county if such institution has been designated as an official depository, and the banks provide an acceptable rate of return on funds. In addition K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The Municipality has no other policies that would further limit interest rate risk.

K.S.A. 12-1675 limits the Municipality's investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The Municipality has no investment policy that would further limit its investment choices. As noted above, the Municipality currently does not have any investments and therefore does not have a rating.

Concentration of credit risk: State statutes place no limit on the amount the Municipality may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405.

Custodial credit risk – deposits: Custodial credit risk is the risk that in the event of a bank failure, the Municipality's deposits may not be returned to it. State statutes require the Municipality's deposits in financial institutions to be entirely covered by federally depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. All deposits were legally secured at December 31, 2012.

At December 31, 2012, the carrying amount of the Municipality's deposits, including certificates of deposit, was \$2,825,354 and the bank balance was \$1,403,496. Funds held by the Riley County Treasurer and Keating & Associates amounted to \$1,851,007 and \$9,131, respectively. The difference between the carrying amount, exclusive of funds held by the Riley County Treasurer and Keating & Associates, and the bank balance is outstanding checks and deposits in transit. The bank balances were held by two banks which does not result in a concentration of credit risk. Of the bank balance, \$511,556 was covered by federal depository insurance and remaining \$891,940 was collateralized with pledged securities held under joint custody receipts issued by a third-party bank in the Municipality's name. The funds held by the County Treasurer are included as agency funds in Riley County's financial statements, and the risk categories are disclosed in those statements.

Custodial credit risk – investments: For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, the Government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require investments to be adequately secured.

NOTES TO FINANCIAL STATEMENT

RILEY COUNTY POLICE DEPARTMENT

December 31, 2012

NOTE D—DEFINED BENEFIT PENSION PLAN

Plan description. The Municipality participates in the Kansas Public Employees Retirement System (KPERS) and the Kansas Police and Firemen's Retirement System (KP&F). Both are part a of cost-sharing multiple-employer defined benefit pension plan as provided by Kansas law. KPERS and KP&F provide retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERS and KP&F issue a publicly available financial report (only one is issued) that includes financial statements and required supplementary information. That report may be obtained by writing to KPERS (611 S Kansas, Suite 100, Topeka, KS 66603-3925) or by calling 1-888-275-5737.

Funding Policy. K.S.A. 74-4919 and K.S.A. 74-49,210 establishes the KPERS member-employee contribution rate. Effective July 1, 2009, KPERS has two benefit structures and funding depends on whether the employee is a Tier 1 or Tier 2 member. Tier 1 members are active and contributing members hired before July 1, 2009. Tier 2 members were first employed in a covered position on or after July 2, 2009. Kansas law establishes the KPERS member- employee contribution rate at 4% of covered salary for Tier 1 members and at 6% of covered salary for Tier 2 members. K.S.A. 74-4975 establishes the KP&F member-employee contribution rate at 7% of covered salary. The employer collects and remits member-employee contributions according to the provisions of Section 414(h) of the Internal Revenue Code. Kansas law provides that the employer contribution rates be determined annually based on the results of an annual actuarial valuation. KPERS and KP&F are funded on an actuarial reserve basis. Kansas law sets a limitation on annual increases in the employer contribution rates.

The Municipality's employer contributions to KPERS for the years ending December 31, 2012, 2011, and 2010, were \$334,223, \$269,320, and \$221,447, respectively, equal to the statutory required contributions for each year.

The Municipality's employer contributions to KP&F for the years ending December 31, 2012, 2011, and 2010 were \$1,051,618, \$982,422, and \$775,293, respectively, equal to the statutory required contributions for each year.

NOTE E—MEDICAL REIMBURSEMENT PLAN

In the summer of 2003 the Department established a Medical Reimbursement Fund (a Special Revenue Fund) to account for and finance its medical reimbursement plan. Due to the increased costs of health insurance premiums the Department found it advantageous to purchase a commercial insurance policy for all full-time employees with a higher deductible, and then use the funds in the Medical Reimbursement Fund to pay for fifty percent of the employee's deductible that is incurred each year. The Department contracts with Keating & Associates to provide administrative services. A single health insurance premium includes a \$2,500 deductible in 2012 and 2011. Under this medical reimbursement plan the employee is then allowed to turn in any amounts paid for the deductible and be reimbursed fifty percent of the deductible.

NOTES TO FINANCIAL STATEMENT

RILEY COUNTY POLICE DEPARTMENT

December 31, 2012

During the 2012 and 2011 years, approximately 172 and 166 employees, respectively, qualified and participated in the plan, therefore the Department had the potential to pay out approximately \$215,000 and \$207,500 in 2012 and 2011, respectively. The total claims paid in 2012 and 2011 were \$79,340 and \$66,982.

NOTE F—OTHER POST EMPLOYMENT BENEFITS

As provided by K.S.A. 12-5040, the Municipality allows retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually, the local government is subsidizing the retirees because each participant is charged a level premium regardless of age. However, the cost of this subsidy has not been quantified in these financial statements.

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the government makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured. There is no cost to the Municipality under this program.

NOTE G—COMPENSATED ABSENCES

The Municipality has a policy regarding paid earned time, sick leave and compensatory absences. Earned time is accounted for in a leave bank which includes but does not differentiate between holiday, personal days, and vacation. Sick leave, injury leave, administrative leave, and compensatory time are not included in the leave bank. The Municipality allows employees to accumulate a maximum of 320 to 488 hours of earned time. Upon termination or resignation from service with the Municipality, employees are entitled to payment of all accrued time accounted for in the leave bank earned prior to termination or resignation. All employees earn and accumulate sick leave at the rate of one working day for each month of service with a maximum carryover of 1,120 hours.

Per the Municipality's policy at December 31, 2012, the Municipality's liability for unused vacation was approximately \$2,146,838.

NOTE H—COMMITMENTS AND CONTINGENCIES

Risk Management: The Municipality is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees and natural disasters. The Municipality manages these various risks of loss through commercial insurance with varying deductibles. All deductibles are \$10,000 or less. Insurance claims have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTES TO FINANCIAL STATEMENT

RILEY COUNTY POLICE DEPARTMENT

December 31, 2012

Pending Litigation

The Municipality is a defendant in several lawsuits. The ultimate outcome of such litigation is uncertain. Management and legal counsel are also uncertain of any economic impact to the Municipality.

NOTE I– TRANSFERS

The Law Board approved the following operating transfers:

<u>FROM</u>	<u>TO</u>	<u>Statutory Authority</u>	<u>Amount</u>
General Fund	Medical Reimbursement	KSA 12-1674	\$ 316,093

NOTE J—MANAGEMENT’S REVIEW OF SUBSEQUENT EVENTS

In preparing these financial statements, the Municipality has evaluated events and transactions for potential recognition or disclosure through July 31, 2013 the date the financial statements were available to be issued.

**REGULATORY-REQUIRED
SUPPLEMENTARY INFORMATION**

**SUMMARY OF EXPENDITURES - BUDGET AND ACTUAL
REGULATORY BASIS
BUDGETED FUNDS ONLY (SCHEDULE 1)**

RILEY COUNTY POLICE DEPARTMENT

Year Ended December 31, 2012

<u>Funds</u>	<u>Certified Budget</u>	<u>Adjustment for Qualifying Budget Credit</u>	<u>Total Budget for Comparison</u>	<u>Expenditures Chargeable to Current Year</u>	<u>Favorable (Unfavorable) Variance</u>
Governmental Fund Types:					
General	\$ 17,520,247	\$ 393,247	\$ 17,913,494	\$ 17,209,156	\$ 704,338

See independent auditor's report.

**SCHEDULE OF RECEIPTS AND EXPENDITURES - BUDGET AND ACUTAL
REGULATORY BASIS
GENERAL FUND - (SCHEDULE 2)**

RILEY COUNTY POLICE DEPARTMENT

Year Ended December 31, 2012

	Budget	Actual	Favorable Unfavorable Variance
Cash Receipts:			
Taxes:			
City of Manhattan	\$ 13,054,500	\$ 13,054,500	\$ -
Riley County	3,357,120	3,357,120	-
TOTAL TAXES	16,411,620	16,411,620	-
Intergovernmental Revenue:			
Grants		108,652	108,652
Charges for services:			
Contract revenues		78,255	78,255
Restitution		3,999	3,999
TOTAL CHARGES FOR SERVICES	-	82,254	82,254
Commissions		4,908	4,908
Miscellaneous:			
Reimbursement		232,989	232,989
Copy fees	13,866	10,685	(3,181)
TOTAL MISCELLANEOUS	13,866	243,674	229,808
TOTAL CASH RECEIPTS	16,425,486	16,851,108	425,622
Expenditures:			
Personnel and employee benefits	15,192,500	14,420,280	772,220
Contractual services and other charges:			
Utilities	228,000	231,311	(3,311)
Insurance	235,000	225,028	9,972
Professional fees	40,000	53,593	(13,593)
Education/training/travel	80,000	85,707	(5,707)
Prisoner food & care	161,000	189,370	(28,370)

See independent auditor's report.

**SCHEDULE OF RECEIPTS AND EXPENDITURES - BUDGET AND ACUTAL
REGULATORY BASIS
GENERAL FUND - (SCHEDULE 2)**

RILEY COUNTY POLICE DEPARTMENT

Year Ended December 31, 2012

	Budget	Actual	Favorable Unfavorable Variance
Expenditures - continued			
Community service	5,000	932	4,068
Other contractals	238,000	369,274	(131,274)
Vehicle materials and supplies	265,000	295,214	(30,214)
Uniforms and accessories	55,000	70,695	(15,695)
Office supplies	39,500	42,507	(3,007)
Replenishment supplies	30,000	43,117	(13,117)
Other materials and supplies	7,000	10,975	(3,975)
Maintenance and repairs	165,000	236,048	(71,048)
 TOTAL CONTRACTUAL SERVICES AND OTHER CHARGES	 1,548,500	 1,853,771	 (305,271)
 Capital outlay:			
Communications equipment	33,000	69,693	(36,693)
Guns and crime equipment	43,000	12,188	30,812
Office furniture	10,000	115,836	(105,836)
Office equipment	100,000	218,926	(118,926)
Motor vehicles	200,000	202,369	(2,369)
 TOTAL CAPITAL OUTLAY	 386,000	 619,012	 (233,012)
 Transfers out		316,093	(316,093)
Qualifying budget credits	393,247		393,247
 TOTAL EXPENDITURES	 17,520,247	 17,209,156	 311,091
 Receipts over (under) expenditures	 (1,094,761)	 (358,048)	 736,713
 Beginning Unencumbered Cash Balance	 1,094,761	 1,109,231	
 Ending Unencumbered Cash Balance	 \$ -	 \$ 751,183	

See independent auditor's report.

SCHEDULE OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS
SUMMARY OF NON-BUDGETED SPECIAL PURPOSE FUNDS (SCHEDULE 2)

RILEY COUNTY POLICE DEPARTMENT

Year Ended December 31, 2012

	Emergency Reserve Fund	Seizure Fund	Activity Fund	Bears on Patrol	Auxiliary Fund
Cash Receipts:					
Grants	\$	\$	\$	\$	\$
Seizures		24,713			
Licenses, permits and fees					
Interest					
Commissions			9,667		
Donations			1,426		1,430
Miscellaneous			1,700		
Transfers					
TOTAL CASH RECEIPTS	-	24,713	12,793	-	1,430
Expenditures:					
Personnel and employee benefits					
Contractuals and other charges		14,082	11,975		719
Materials and supplies		231	193		578
Capital outlay		100,000			
TOTAL EXPENDITURES	-	114,313	12,168	-	1,297
Receipts over (under) expenditures	-	(89,600)	625	-	133
Beginning unencumbered cash balance	700,000	172,043	4,597	3,484	2,533
Ending Unencumbered Cash Balance	<u>\$ 700,000</u>	<u>\$ 82,443</u>	<u>\$ 5,222</u>	<u>\$ 3,484</u>	<u>\$ 2,666</u>

See independent auditor's report.

SCHEDULE OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS
SUMMARY OF NON-BUDGETED SPECIAL PURPOSE FUNDS (SCHEDULE 2)

RILEY COUNTY POLICE DEPARTMENT

Year Ended December 31, 2012

	Jail Literacy Fund	Statutory Registration Fund	Justice Assistance Grant	Medical Reimbursement Fund
Cash Receipts:				
Grants	\$	\$	\$ 51,814	\$
Seizures				
Licenses, permits and fees		20,888		
Interest		103	19	2,343
Commissions				
Donations				
Miscellaneous				912
Transfers				316,093
TOTAL CASH RECEIPTS	-	20,991	51,833	319,348
Expenditures:				
Personnel and employee benefits				79,340
Contractuals and other charges				
Materials and supplies	79			
Capital outlay		23,002	48,206	
TOTAL EXPENDITURES	79	23,002	48,206	79,340
Receipts over (under) expenditures	(79)	(2,011)	3,627	240,008
Beginning unencumbered cash balance	137	27,475		587,812
Ending Unencumbered Cash Balance	\$ 58	\$ 25,464	\$ 3,627	\$ 827,820

See independent auditor's report.

SUMMARY OF RECEIPTS AND DISBURSEMENTS
REGULATORY BASIS
AGENCY FUNDS - (SCHEDULE 3)

RILEY COUNTY POLICE DEPARTMENT

Year Ended December 31, 2012

<u>Funds</u>	<u>Beginning Cash Balance</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Ending Cash Balance</u>
Tax and Fees Account	\$ 4,239	\$ 22,790	\$ 20,176	\$ 6,853
Special Cash Seizure Fund	4,241	4,026	4,049	4,218
Inmate fund	5,130	184,700	185,811	4,019
TOTAL AGENCY FUNDS	<u>\$ 13,610</u>	<u>\$ 211,516</u>	<u>\$ 210,036</u>	<u>\$ 15,090</u>

See independent auditor's report.

SUPPLEMENTARY FINANCIAL INFORMATION

SCHEDULE A - COMPOSITION OF ENDING CASH BALANCES

RILEY COUNTY POLICE DEPARTMENT

Year Ended December 31, 2012

RILEY COUNTY POLICE DEPARTMENT

Checking accounts:

Kansas State Bank - Main checking	\$	-	
Kansas State Bank - Special activity		19,257	
Kansas State Bank - Justice Assistant Grant		3,627	
Kansas State Bank - Medical reimbursement		818,688	
Keating & Associates - Medical reimbursement		9,131	
Kansas State Bank- Statutory Account		25,464	
Kansas State Bank - Drug seizure		74,828	950,995

Funds held by Riley County Treasurer 1,851,007

Petty cash funds:

Investigation fund	7,616		
Record drawer	80		
Petty cash	566	8,262	2,810,264

SPECIAL CASH SEIZURE FUND

Checking accounts:

Kansas State Bank		107	
Kansas State Bank		101	
Kansas State Bank		4,010	4,218

FEES ACCOUNT FUND

Checking account:

Landmark National Bank			6,853
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INMATE FUND

Checking accounts:

Landmark National Bank		2,626	
Cash on hand		1,368	
Petty cash		25	4,019

TOTAL CASH BALANCES \$ 2,825,354

See independent auditors' report.

SCHEDULE B - SCHEDULE OF FIXED ASSETS - (UNAUDITED)**RILEY COUNTY POLICE DEPARTMENT****December 31, 2012**

The Department's fixed assets are used in the performance of general departmental operations. Fixed asset valuations are based partially upon original cost. Depreciation of fixed assets is not recognized. The value of the assets obtained through donation or seized property is not recognized as income on the financial statements until the asset is sold.

The summary of fixed asset additions for the year ended December 31, 2012 is as follows:

	General Fund	Revenue Source		Total Additions
		Seizure Fund	Federal Revenue	
Communications equipment		\$ 22,290	\$ 95,416	\$ 117,706
Guns and crime equipment	17,158		2,000	19,158
Furniture	115,577			115,577
Office equipment	241,921			241,921
Motor vehicles	207,235			207,235
Other	1,347			1,347
TOTAL ADDITIONS	\$ 583,238	\$ 22,290	\$ 97,416	\$ 702,944

	Balance, January 1, 2012	Additions	Disposals and Corrections	Balance, December 31, 2012
Communications equipment	\$ 445,748	\$ 117,706	\$ (10,500)	\$ 552,954
Guns and crime equipment	858,206	19,158	(151,138)	726,226
Furniture	133,869	115,577	15,888	265,334
Office equipment	1,432,707	241,921	(199,102)	1,475,526
Motor vehicles	1,597,530	207,235	129,726	1,934,491
Other	11,385	1,347	(11,385)	1,347
TOTAL FIXED ASSETS	\$ 4,479,445	\$ 702,944	\$ (226,511)	\$ 4,955,878

A summary of the financing sources of fixed assets at December 31, 2012 is as follows:

General fund	\$ 3,553,533
Seizure fund (special revenue)	341,479
Federal revenues	982,461
State revenues	654
Seized/donated/cc/non-government	77,751
TOTAL ASSETS BY REVENUE SOURCE	\$ 4,955,878

Unaudited